

## Reynolds Tackles A Big Problem

**By Morgan McGinley,  
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State Rep. Tom Reynolds, talking to the Ledyard Rotary Club recently, laid out the ugly realities of state finances in a thoughtful speech that showed the stagnancy that is Connecticut. Reynolds wasn't just talking about the nearly \$9 billion deficit the state faces over the next two years. That is bad enough.

Instead, Reynolds, gutsy and determined, chose to address the structural problems that underlie Connecticut's failure to plan ahead and the lackluster business environment that is sending the state's brightest and best students out of state to find jobs after they graduate from college. It's great that the University of Connecticut is getting the cream of the state's academic crop studying there, but the trick is to create exciting new jobs that will keep brainy young people at home and build on the billions of dollars taxpayers are investing in the university.

Reynolds' talk, entitled, "Crisis: a terrible thing to waste," drew heavily on ideas from State Comptroller Nancy Wyman and William Cibes, former head of the Office of Policy and Management and ex-chancellor of the state university system.

Reynolds said the problems were 20 to 30 years in the making and will require a long time to solve, but he hopes to introduce a modest list of items to start the process.

"If we can't begin to tackle the problem this year, when can we?" asked Reynolds. "The public is ready for change."

The talk's central message was that Connecticut has no comprehensive long-range planning for the future. Only five of 65 state agencies engage in strategic planning, the Office of Policy and Management determined.

Reynolds also castigated Connecticut for failing to apply results-based accountability in determining state budgets. In other words, make each agency justify all spending by identifying programs that work and scuttling those that don't.

Reynolds' Democratic colleague, economist Diana Urban, the state representative from North Stonington, is a leader in the push to change the bureaucracy's slothful way of merely continuing existing programs, but it is rough slogging through that state swamp because ineffectiveness and the status quo become institutionalized.

Even the state spending cap, put in place to restrain spending, has had the harmful effect of curbing the federal reimbursements that flow to Connecticut. The state receives just 16 percent of its revenues from Washington, third lowest share among all states.

And then there is the property tax, the most painful levy felt by citizens across the state. The property tax is the highest tax in the state, at \$7.8 billion or 39 percent of taxes the citizens pay. This is \$1.4 billion more than the income tax (\$6.4 billion) and more than double the sales tax revenue, \$3.5 billion. As Reynolds notes, the state should be paying more of basic local costs, such as education, a plan that would require modernizing the state tax structure.

Why is this necessary? Some statistics are enlightening.

Connecticut faces an unfunded liability for pensions and other benefits for state workers that is \$40 billion. The state is the worst in the nation, funding only 56 percent of the future liabilities it faces. This is a ticking time bomb.

Connecticut is the only state in which real income for the poorest 20 percent of the people fell since the late 1980s. Middle-income families had a modest gain and the wealthiest 20 percent got a 45 percent increase in real income, second highest in the country.

From 2000 to 2030, Connecticut's population is projected to grow by only 8 percent as compared with about a 33 percent increase nationwide. The elderly, who use medical and other services widely, are expected to increase by 70 percent, meaning a smaller percentage of the population will be paying for those increased services.

Reynolds, Wyman and Cibes have done Gov. Rell and their colleagues a favor by reporting the realities in such grim, unvarnished terms.

The irony is that Connecticut, possessing one of the nation's best-educated populations, continues to run state government in a manner that isn't smart. Changing the culture of Connecticut government can happen only if the governor and the legislature are willing to be unified on behalf of needed change.

*Morgan McGinley is a former editorial page editor of The Day, now retired*